

half of the money, well over half now, is money from abroad. So you can take well over half of the \$458 billion, and it would be added to this external debt.

Mr. DURBIN. I wish to ask the Senator, who is going to pay this debt?

Mr. CONRAD. Well, that is the unfortunate part of, as I see it, the amendment of the Senator from Arizona. What he is doing is saying—he is asking all of us, all Americans, to put our name on the bill. But the money is only going to two-tenths of 1 percent of us. I think that is unfortunate.

Mr. KYL. Will the Senator yield?

Mr. DURBIN. I will yield when I am done.

Mr. KYL. I think it would be fair to let me answer.

Mr. DURBIN. I think the Senator from North Dakota has the floor. I am sure he will yield to the Senator from Arizona.

So that I understand this—I want to make it clear—in order to spare, at a maximum, 7,000 of the wealthiest people in America who may die in the outgoing years, in order to spare them estate tax liability, even though America has been very kind to them and they have lived very comfortable lives because of this great Nation, to spare them the possibility of paying back to this country for having lived and enjoyed this great Nation, we are going to add some \$400 billion plus in debt to Americans. And over half of that will end up being debt we owe to foreign countries, as I understand the Senator from North Dakota. Is that correct?

Mr. CONRAD. I think that is clearly correct.

Mr. DURBIN. So for those who are so-called fiscal conservatives, we are going to cut taxes for the wealthiest people in America, and add debt for everyone else in America, an added debt we are going to borrow from overseas and ask our children to pay for it. It sounds like a great idea if you happen to be in the lucky 7,000 club. This lucky 7,000 club that will be benefitted by Senator KYL's amendment will have a great outcome. It appears that everyone loses—I take that back. Everyone but China and Japan and other countries will be losers in this proposal by the Senator from Arizona. Is that correct?

Mr. CONRAD. Yes, I think that is undeniably the case. The problem this country confronts now is we have massive deficits and, under this President, a dramatic increase in the debt. So all of these provisions are based on borrowed money. So why would we go borrow this amount of money, which is increasingly from foreign countries, in order to give a benefit to two-tenths of 1 percent of the American people, when 99.8 percent of the estates in this country are already exempted from the taxation? That is lost on me.

Mr. DURBIN. If I can ask one more question—I know the Senator from Arizona wishes to speak—aside from the lucky 7,000 club the Senator from Arizona is taking care of, the wealthiest

people in America—nothing but good luck, they have lived comfortable lives in a great democratic, free nation with the protection of our laws, and now, as they leave and go to perhaps a better place, they want to make sure they do not pay back to this Nation, aside from the lucky 7,000 club.

I wish to ask the Senator from North Dakota, I have heard this concept, talking about pay as you go, that the Democrats, when they came to control the Congress, would pay for any tax cuts or any spending increases so it would not add to the national debt. So I wish to ask the Senator from North Dakota, I know he believes in it very passionately: Is this a pay-as-you-go proposal from the Republican side so that there is no net loss to future generations? Is this being taken care of by the Senator from Arizona offsetting it, for example, with an increase in taxes on maybe working people of this country or some other group or cutting spending in some other area?

Mr. CONRAD. No, this is all put on the tab. This is all borrowed money.

Mr. DURBIN. I thank the Senator.

Mr. GREGG. Will the Senator yield?

Mr. CONRAD. I still have the floor. The Senator from Arizona was seeking to ask me a question.

Mr. KYL. Mr. President, I would be happy to have the ranking member of the committee make a comment. But I wish to correct some of the facts. I can do that either on the Senator's time or on our time.

Mr. CONRAD. I am happy to yield to the Senator from New Hampshire if the Senator wishes to engage in this debate or any other debate.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I wish to note the Senator from Illinois described these people as the lucky 7,000. They are dead. I guess only if you are from Chicago do you consider it lucky to be dead. They can still vote.

I understand the Senator from Arizona feels these numbers are inaccurate. I know they are inaccurate. I wish to comment further on the Senator's amendments.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I appreciate the fact that the chairman of the Budget Committee and the majority whip have done some extrapolation from the number of people who die and two-tenths of a percent of this and that and, therefore, they have come up with a number. Why don't I quote the actual numbers according to the Joint Tax Committee. These are the official numbers we deal with every year when calculating the effect of our legislation. According to the Joint Committee on Taxation, if my amendment were to be adopted, 11,800 estates each year would be required to file at the exempted levels that are set forth in my amendment. If we fail to act, 131,000 families, not 7,000—family businesses,

farms and so on—will be subjected to the death tax each year, starting in the year 2011.

The point is, these are not individuals. These are families or businesses with a lot more people affected by the tax than the number of filers. The filer represents all the members of the family or the employer of a company. That may be 50 or 60 or 200 people who may be out of a job. But that is how many will be subjected to filing this, 131,000.

You might make fun of this and say it is a small percentage of the number of people in the United States. If you are unfortunate enough to die and your heirs have to deal with this problem, it is a very real problem to every single one of them. Over a 10-year period, obviously, you are talking about way more than a million people. You may say that is not a significant enough number to worry about, but it is enough. We worry about a few people who suffer from all kinds of things that we try to deal with. If you have a million Americans over a 10-year period subjected to an unfair tax, it is a problem we ought to address and not just make fun of the fact that it is only a million instead of 50 or 60,000. So let's get the numbers right. You can argue, if it is only 131,000 people, should we be worried about it. I say yes, somebody on the other side might say no, but at least let's get the numbers right.

Mr. GREGG. Will the Senator yield?

Mr. KYL. Yes.

Mr. GREGG. As I understand your proposal, which, if I recall correctly, got 56 votes in this body last year

Mr. KYL. That is correct, on the motion to instruct conferees, 56 Democrats and Republicans voted for this identical proposal.

Mr. GREGG. I wish to ask the Senator further, through the Chair: As I understand the proposal, estates over \$10 million would continue to be subjected to full estate tax obligation; is that correct?

Mr. KYL. That is correct. The rate would be reduced from 55 percent, if we don't do anything, to 35. I believe the majority proposal is 45. This would make the top rate no higher than 35 percent.

Mr. GREGG. So we aren't talking about the wealthiest Americans. We are talking about people with significant wealth, up to \$10 million. But a family farm can easily be valued at \$10 million. A small business, a restaurant could easily be valued at \$10 million. A small software company could easily be valued at \$10 million. So we are talking about continuing, without major tax consequences, small businesses and farms that otherwise would be subjected to a very onerous tax which might put them out of business; is that not correct?

Mr. KYL. The answer is yes. If I could expand on that with a true story, some friends of my wife and mine in Phoenix had a printing business. The head of the household came out from New York in the late 1940s and from